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RUEHCN/AMCONSUL CHENGDU 1626  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEHC/DEPT OF LABOR WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHGZ/AMCONSUL GUANGZHOU 0085  
RUEHHK/AMCONSUL HONG KONG 1794  
RHEHAAA/NSC WASHINGTON DC  
RUEHSH/AMCONSUL SHENYANG 1618  
RUEHGP/AMEMBASSY SINGAPORE 0199  
RUEHIN/AIT TAIPEI 1417  
RUEHGH/AMCONSUL SHANGHAI 8060

C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000558

SIPDIS

STATE FOR EAP/CM  
TREASURY FOR AMBASSADOR HOLMER, WRIGHT AND TSMITH  
TREASURY FOR OASIA/INA - DOHNER, HAARSAGER/WINSHIP/YANG/CUSHMAN  
TREASURY FOR IMFP SOBEL, MOGHTADER  
NSC FOR WILDER AND LOI  
STATE PASS CEA FOR BLOCK  
STATE PASS USTR FOR STRATFORD/WINTER/MCCARTIN/KATZ/MAIN

E.O. 12958: DECL: 12/18/2033

TAGS: [CH](#) [ECON](#) [EFIN](#) [ELAB](#) [PGOV](#)

SUBJECT: REAL ESTATE WEBSITE OFFERS WINDOW ON SOCIAL STABILITY

CLASSIFIED BY: Matthew Murray, Acting Political/Economic Chief,  
U.S. Consulate General, Shanghai, Department of State.

REASON: 1.4 (b), (d)

¶1. (C) Summary. Public aggravation with housing issues that in recent months has sometimes boiled over into street protests in East China can be gauged by chatroom activity on the nationwide Soufun.com website, according to a contact in Ningbo, Zhejiang Province. The Public Security Bureau (PSB) monitors Soufun.com chatrooms for topics that could impact social stability, but has not asked that posts be deleted or censored. Soufun.com is widely recognized as one of China's most important nongovernmental sources of real estate market information, and the company's data is used by the State Council. End summary.

¶2. (SBU) Econoff met with real estate contacts in Shanghai, Nanjing, Ningbo, and Wenzhou during November and December 2008 to ascertain their views on real estate trends. This report is the first of several readouts from those meetings.

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Chatroom Activity Sometimes Foreshadows Housing Protests  
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¶3. (C) Public aggravation with housing issues that in recent months has sometimes boiled over into street protests in East China can be gauged by chatroom activity on the nationwide Soufun.com website, Soufun Ningbo Company General Manager You Yangbin (please strictly protect) told Econoff in a meeting on December 10. For instance, said You, he was not surprised by the September protests in Hangzhou and elsewhere against real estate developer Vanke by homeowners angry with Vanke's large price cuts. Normally, 10 persons will be logged into a chatroom, but when popular anxiety rises, a topic 300 to 400 persons might log in. You said that the posts in September indicated the day and time that protestors planned to gather at Vanke offices.

¶4. (SBU) The Vanke cases were the most high profile example of

popular protests against real estate price cuts in the Shanghai consular district. According to Chinese media reports, Vanke, which since late 2007 has cut prices in Southern China, first stirred up the ire of Hangzhou customers on September 4 by announcing some residences would be sold at a 25 percent discount. On September 5, 80 persons, and on September 6, more than 200 persons, protested at Vanke's Hangzhou headquarters, demanding that the company either take back their apartments or compensate them for the price difference. They raised large red banners, including one that read, "Dropping prices by RMB200,000 in two months is like Vanke committing murder without spilling blood." Two weeks later, on September 19, more than 20 Vanke customers in Nanjing blocked doors of the company's offices there, making similar demands. On the same day, others besieged the company's Shanghai offices. To date, however, Vanke has not publicly offered compensation.

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Big Brother Keeping an Eye on Discontent

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15. (C) The Public Security Bureau (PSB) monitors Soufun.com chatrooms for topics that could impact social stability, said You. However, You claimed that the PSB had never directly approached Soufun.com personnel to ask that posts be deleted or censored. Instead, the PSB probably is interested in allowing people to speak out in order to gather information about potential protests before they occur, speculated You. When it is clear that a certain company is making customers upset, the PSB will dispatch personnel to that company to ask them to resolve the problems peacefully.

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16. (C) Econoff later confirmed that Soufun.com has several active chatrooms where members (hui yuan) and customers (gu ke) can exchange information. These can be accessed directly at <http://bbs.soufun.com/board/salon> or by clicking on the various "discussion board" (lun tan) links on the Soufun.com homepage. The bulletin boards include a header that documents the number of persons logged in.

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Soufun's Connections With the State Council

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17. (C) Soufun.com is widely recognized as one of China's most important nongovernmental sources of real estate market information, said You, and the company's data is used by the State Council. You proudly claimed that Premier Wen Jiabao had personally reviewed Soufun.com's reports. The company is able to independently collect and process data because it has over 3,000 employees and covers over 100 Chinese cities, said You.

18. (C) One reason Soufun.com's data is used by Central Government officials is that official real estate data series are slower to reflect market trends, claimed You. He said that Soufun.com's series compare favorably to both the National Development and Reform Commission's index of the real estate market in 70 major cities and the National Bureau of Statistic's National Real Estate Environment Index (guo fang jingqi zhishu).

19. (C) Soufun.com has created proprietary indexes for new housing, second-hand housing, and land sales, among others, said You. New housing data is relatively easy to obtain, since all these sales have to be registered with the local government, explained You. But data for second-hand sales is more difficult, since the government does not collect this data. Instead, said You, Soufun.com maintains contacts with a real estate agencies to create this index. The data on land sales is also collected from local governments. (Note: Econoff also has confirmed that the website includes these indexes. End note.)

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Comment

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¶10. (C) The window provided by Soufun.com's chatrooms into potential popular protests on real estate issues could prove useful in coming months. Currently, our contacts mostly paint a picture of real estate sector growth slowing to some extent, but picking up sometime in 2009. If, instead, property developers start to experience cash flow problems due to stagnant sales and oversupply, and are forced to cut prices or abandon half-built projects in which units have already been sold, then popular protests related to real estate could become more frequent.  
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